

AMENDED IN ASSEMBLY JANUARY 11, 2006

AMENDED IN ASSEMBLY JANUARY 4, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 959

Introduced by Assembly Member Frommer

February 18, 2005

An act to amend ~~Section~~ *Sections 14105.27 and 14105.96* of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 959, as amended, Frommer. Medi-Cal: ~~clinics~~ *health facilities*: reimbursement.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

~~Existing law provides for the licensure of a clinic. Existing law exempts from licensure any clinic directly conducted, maintained, or operated by the United States and any primary care clinic directly conducted, maintained, or operated by this state or any of its political subdivisions or districts or any city.~~

Existing law provides that a health facility is eligible to receive supplemental reimbursement under the Medi-Cal program if the facility provides services to Medi-Cal beneficiaries, is a distinct part of an acute care hospital providing skilled nursing services, and is owned by any of certain local entities.

This bill would, in addition, allow for the payment of supplemental reimbursement to a facility described above that is owned by the state. The bill would, for the department's rate year beginning August 1,

2006, and for subsequent rate years, expand this supplemental reimbursement provision to apply to a state veterans' home.

Existing law provides for the payment of a supplemental reimbursement to acute care hospitals owned by certain ~~public~~ local entities, ~~or by the University of California~~, that provide outpatient services to Medi-Cal beneficiaries.

This bill would, in addition, allow for the payment of supplemental reimbursement to acute care hospitals that are owned by the state. The bill, commencing with the 2006—07 fiscal year, and thereafter, would expand this supplemental reimbursement provision to apply to ~~the above-described clinics that are exempt from licensure health clinics that are enrolled as Medi-Cal providers.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14105.27 of the Welfare and
2 Institutions Code is amended to read:
3 14105.27. (a) Each eligible facility, as described in
4 subdivision (b) may, in addition to the rate of payment that the
5 facility would otherwise receive for skilled nursing services,
6 receive supplemental Medi-Cal reimbursement to the extent
7 provided in this section.
8 (b) A facility shall be eligible for supplemental reimbursement
9 only if the facility has all of the following characteristics
10 continuously during the department's rate year ~~beginning August~~
11 ~~1, 2001, and subsequent rate years:~~
12 (1) Provides services to Medi-Cal beneficiaries.
13 (2) Is either of the following:
14 (A) For the department's rate year beginning August 1, 2001,
15 and for subsequent rate years, a distinct part of an acute care
16 hospital providing skilled nursing services. For purposes of this
17 section, "acute care hospital" means ~~the facilities~~ a facility
18 described by subdivision (a) or (b), or both, of Section 1250 of
19 the Health and Safety Code.
20 (B) For the department's rate year beginning August 1, 2006,
21 and for subsequent rate years, a state home, as defined in Section
22 101 (19) of Title 38 of the United States Code.

(3) Is owned or operated by *the state, or by* a county, city, city and county, or health care district organized pursuant to Chapter 1 (commencing with Section 32000) of Division 23 of the Health and Safety Code.

(c) An eligible facility's supplemental reimbursement pursuant to this section shall be calculated and paid as follows:

(1) The supplemental reimbursement to an eligible facility, as described in paragraph (4), shall be equal to the amount of federal financial participation received as a result of the claims submitted pursuant to paragraph (2) of subdivision (g).

(2) In no instance shall the amount certified pursuant to paragraph (1) of subdivision (e), when combined with the amount received from all other sources of reimbursement from the Medi-Cal program, exceed 100 percent of projected costs, as determined pursuant to the Medi-Cal State Plan, for distinct part skilled nursing services at each facility.

(3) Costs associated with the provision of subacute services pursuant to Section 14132.25 shall not be certified for supplemental reimbursement pursuant to this section.

(4) The supplemental Medi-Cal reimbursement provided by this section shall be distributed under a payment methodology based on skilled nursing services provided to Medi-Cal patients at the eligible facility, either on a per diem basis, a per discharge basis, or any other federally permissible basis. The department shall seek approval from the federal Centers for Medicare and Medicaid Services for the payment methodology to be utilized, and shall not make any payment pursuant to this section prior to obtaining that approval.

(d) (1) It is the Legislature's intent in enacting this section to provide the supplemental reimbursement described in this section without any expenditure from the General Fund.

(2) The state share of the supplemental reimbursement submitted to the federal Centers for Medicare and Medicaid Services for purposes of claiming federal financial participation shall be paid only with funds from the governmental entities described in paragraph (3) of subdivision (b) and certified to the state as provided in subdivision (e).

(e) The particular governmental entity, described in paragraph (3) of subdivision (b), on behalf of any eligible facility shall do all of the following:

1 (1) Certify, in conformity with the requirements of Section
2 433.51 of Title 42 of the Code of Federal Regulations, that the
3 claimed expenditures for distinct part nursing facility services are
4 eligible for federal financial participation.

5 (2) Provide evidence supporting the certification as specified
6 by the department.

7 (3) Submit data as specified by the department to determine
8 the appropriate amounts to claim as expenditures qualifying for
9 federal financial participation.

10 (4) Keep, maintain, and have readily retrievable, any records
11 specified by the department to fully disclose reimbursement
12 amounts to which the eligible facility is entitled, and any other
13 records required by the federal Centers for Medicare and
14 Medicaid Services.

15 (f) The department may require that any governmental entity,
16 described in paragraph (3) of subdivision (b), seeking
17 supplemental reimbursement under this section enter into an
18 interagency agreement with the department for the purpose of
19 implementing this section.

20 (g) (1) The department shall promptly seek any necessary
21 federal approvals, including a federal medicaid waiver, for the
22 implementation of this section. If necessary to obtain federal
23 approval, the department may limit the program to those costs
24 that are allowable expenditures under Title XIX of the federal
25 Social Security Act (Subchapter 19 (commencing with Section
26 1396) of Chapter 7 of Title 42 of the United States Code). If
27 federal approval is not obtained for implementation of this
28 section, this section shall become inoperative.

29 (2) The department shall submit claims for federal financial
30 participation for the expenditures for the services described in
31 subdivision (e) that are allowable expenditures under federal law.

32 (3) The department shall, on an annual basis, submit any
33 necessary materials to the federal government to provide
34 assurances that claims for federal financial participation will
35 include only those expenditures that are allowable under federal
36 law.

37 (h) In the event there is a final judicial determination by any
38 court of appellate jurisdiction or a final determination by the
39 administrator of the federal Centers for Medicare and Medicaid
40 Services that the supplemental reimbursement provided in this

1 section must be made to any facility not described in this section,
2 this section shall become immediately inoperative.

3 (i) All funds expended pursuant to this section are subject to
4 review and audit by the department.

5 ~~SECTION 1.~~

6 *SEC. 2.* Section 14105.96 of the Welfare and Institutions
7 Code is amended to read:

8 14105.96. (a) Each eligible facility, as described in
9 subdivision (b), may, in addition to the rate of payment that the
10 facility would otherwise receive for Medi-Cal outpatient
11 services, receive supplemental Medi-Cal reimbursement to the
12 extent provided in this section.

13 (b) A facility shall be eligible for supplemental reimbursement
14 only if the facility has all of the following characteristics
15 continuously during a state fiscal year ~~commencing with the~~
16 ~~2002 fiscal year, and thereafter:~~

17 (1) Provides services to Medi-Cal beneficiaries.

18 (2) Is either of the following:

19 (A) ~~An~~ *Commencing with the 2002 fiscal year, and thereafter,*
20 *an acute care hospital providing outpatient hospital services. For*
21 *purposes of this paragraph, “acute care hospital” means the*
22 ~~facilities~~ *a facility* described by subdivision (a) or (b), or both, of
23 Section 1250 of the Health and Safety Code.

24 (B) ~~Commencing with the 2006—07 fiscal year, a health clinic~~
25 ~~that is exempt from licensure pursuant to subdivision (b) of~~
26 ~~Section 1206 of the Health and Safety Code.~~

27 (3) ~~Is owned or operated by a county, city, city and county, the~~
28 ~~and thereafter, a clinic, as defined in Sections 1200 and 1200.1~~
29 ~~of the Health and Safety Code, that is enrolled as a Medi-Cal~~
30 ~~provider.~~

31 (3) *Is owned or operated by the state, a city, county, or city*
32 *and county, the University of California, or a health care district*
33 *organized pursuant to Division 23 (commencing with Section*
34 *32000) of the Health and Safety Code.*

35 (c) An eligible facility’s supplemental reimbursement pursuant
36 to this section shall be calculated and paid as follows:

37 (1) The supplemental reimbursement to an eligible facility, as
38 described in subdivision (b), shall be equal to the amount of
39 federal financial participation received as a result of the claims
40 submitted pursuant to paragraph (2) of subdivision (g).

(2) In no instance shall the amount certified pursuant to paragraph (1) of subdivision (e), when combined with the amount received from all other sources of reimbursement from the Medi-Cal program, exceed 100 percent of projected costs, as determined pursuant to the Medi-Cal State Plan, for outpatient services at each facility.

(3) The supplemental Medi-Cal reimbursement provided by this section shall be distributed under a payment methodology based on outpatient services provided to Medi-Cal patients at the eligible facility, either on a per-visit basis, per-procedure basis, or any other federally permissible basis. The department shall seek approval from the federal Centers for Medicare and Medicaid Services for the payment methodology to be utilized, and may not make any payment pursuant to this section prior to obtaining that approval.

(d) (1) It is the Legislature's intent in enacting this section to provide the supplemental reimbursement described in this section without any expenditure from the General Fund.

(2) The state share of the supplemental reimbursement submitted to the federal Centers for Medicare and Medicaid Services for purposes of claiming federal financial participation shall be paid only with funds from the governmental entities described in paragraph (3) of subdivision (b) and certified to the state as provided in subdivision (e).

(e) A particular governmental entity, described in paragraph (3) of subdivision (b), on behalf of any eligible facility owned or operated by the entity, shall do all of the following:

(1) Certify, in conformity with the requirements of Section 433.51 of Title 42 of the Code of Federal Regulations, that the claimed expenditures for the outpatient services are eligible for federal financial participation.

(2) Provide evidence supporting the certification as specified by the department.

(3) Submit data as specified by the department to determine the appropriate amounts to claim as expenditures qualifying for federal financial participation.

(4) Keep, maintain, and have readily retrievable, any records specified by the department to fully disclose reimbursement amounts to which the eligible facility is entitled, and any other

1 records required by the federal Centers for Medicare and
2 Medicaid Services.

3 (f) An eligible facility as described in subdivision (b), as a
4 condition of receiving supplemental reimbursement under this
5 section, shall enter into and maintain a contract with the
6 department for the purpose of implementing this section, and to
7 reimburse the department for its administrative costs of operating
8 this program.

9 (g) (1) The department shall promptly seek any necessary
10 federal approvals for the implementation of this section. If
11 necessary to obtain federal approval, the department may limit
12 the program to those costs that are allowable expenditures under
13 Title XIX of the federal Social Security Act (Subchapter 19
14 (commencing with Section 1396) of Chapter 7 of Title 42 of the
15 United States Code). If federal approval is not obtained for
16 implementation of this section, this section shall become
17 inoperative.

18 (2) The department shall submit claims for federal financial
19 participation for the expenditures for the services described in
20 subdivision (e) that are allowable expenditures under federal law.

21 (3) The department shall, on an annual basis, submit any
22 necessary materials to the federal government to provide
23 assurances that claims for federal financial participation will
24 include only those expenditures that are allowable under federal
25 law.

26 (h) This section shall become inoperative in the event, and on
27 the date, of a final judicial determination by any court of
28 appellate jurisdiction or a final determination by the
29 administrator of the federal Centers for Medicare and Medicaid
30 Services that the supplemental reimbursement provided in this
31 section must be made to any facility not described in this section.